

Policies, Objectives and Achievements Concerning the Environment

In accordance with environmental guidelines established under the Basic Environmental Philosophy, the Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct, Sharp is pursuing environmental conservation in all aspects of its business activities. To realize the medium-term goal set in fiscal 2004 of becoming an "Environmentally Advanced Company" and to achieve the corporate vision of becoming a "Zero Global Warming Impact Company by 2010," Sharp will continue to strengthen its efforts aimed at environmental conservation.

Basic Environmental Philosophy

Creating an Environmentally Conscious Company with Sincerity and Creativity

The Sharp Group Charter of Corporate Behavior

Contribution to Conservation of the Global Environment

The Sharp Group will fulfill our responsibility for environmental conservation by promoting the creation of proprietary technologies that contribute to protection of the global environment, and by carrying out our product development and business activities in an environmentally conscious manner.

See Web site for full text

The Sharp Code of Conduct

Contribution to Conservation of the Global Environment

1. To Conserve the Environment
2. To Develop Environmentally Conscious Products and Services, and Conduct Our Business Operations in an Environmentally Conscious Manner

See Web site for full text

Major Objectives and Fiscal 2005 Results

In fiscal 2005, the second year after Sharp set forth its medium-term goal of becoming an Environmentally Advanced Company, the mechanism put in place during the initial year steadily produced results.

In regard to technologies, the use of Sharp's closed-loop plastic material recycling technology continued to steadily expand. The company also developed a method for blending plant-based plastic and waste plastic. In addition, Sharp began to use plant-based paint in the production of stands for the AQUOS series of LCD TVs, employ easy-release fasteners in phones, and introduce micro-nano bubble technology at its LSI plant in Fukuyama. All of these technologies hold promise for further developments in the future.

In regard to products and devices, Sharp achieved all targets for the percentage of sales achieved by four kinds of Green Products and Devices. In fiscal 2006, Sharp established a new framework for making full-scale use of the LCA system, which is expected to further expand and evolve Sharp's efforts for improving environmental performance.

Regarding facilities, overseas production sites have prominently reduced their impact on the environment. At the global environmental conference in November 2004, Sharp announced a plan to upgrade all its group factories to Green Factories by fiscal 2007, and has since made follow-up announcements at environmental conferences worldwide. These initiatives have accelerated efforts to reduce environmental impact at every site.

With the start of the third year, Sharp will accelerate its efforts to become an Environmentally Advanced Company.

Stages	Themes	Major Objectives
Environmental Sustainability Management	Enhance and expand environmental management system	Implement Sharp Environmental Management System (S-EMS) Acquire ISO 14001 certification
	Establish tools for environmental sustainability management	Introduce environmental management accounting and develop tools for promoting environmental sustainability management
	Hold environmental education programs	Hold environmental seminars
Planning and Design	Establish 3R technologies	Promote closed-loop plastic material recycling
		Develop mass-production technology for easy-release fasteners
		Establish LCD TV recycling technology
	Improve safety of components and materials	Reduce chemical substances in products
	Develop Green Products	Increase Green Seal Products' share of net sales in Japan ^{*1} Increase Super Green Products' share of net sales in Japan
Manufacturing	Develop Green Devices	Increase Green Devices' share of net sales ^{*2} Increase Super Green Devices' share of net sales
	Convert factories to Green Factories	Build Green Factories (GF) and Super Green Factories (SGF)
	Reduce greenhouse gas emissions	Reduce CO ₂ emissions (per production unit)
	Reduce and recycle waste	Reduce the amount of waste discharged (per production unit) and promote conversion to valuable resources
Logistics	Reduce risk from harmful chemicals	Reduce discharge risk of chemicals under high-priority control
		Reduce distribution-related CO ₂ emissions
Recycling	Recycle used products	Enhance and improve recycling systems
Social Responsibility	Social contribution activities	Expand and diversify environmental social contribution activities

*1 The sales ratio of Green Seal Products includes sales of Super Green Products.

*2 The sales ratio of Green Devices includes sales of Super Green Devices.

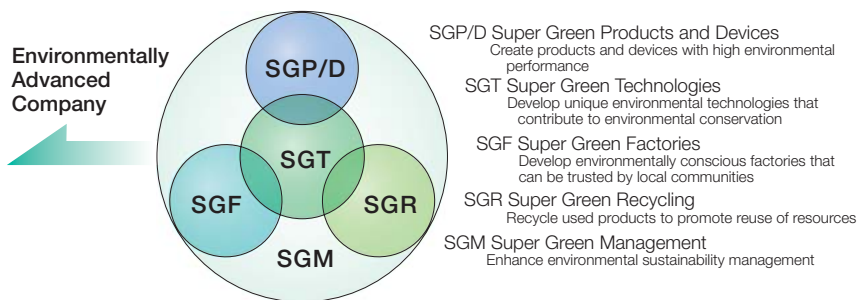
*3 Amount of waste discharged plus the amount of valuable resources

*4 Per real production unit (t-CO₂/100 million yen) = CO₂ emission (t-CO₂) ÷ {production output (100 million yen) ÷ domestic corporate price index (electrical equipment) determined by the Bank of Japan}

Corporate Vision: Zero Global Warming Impact by 2010

Sharp's corporate vision limits to the greatest extent possible the amount of greenhouse gas emissions resulting from Sharp's business activities around the world. At the same time, it significantly reduces greenhouse gas emissions by means of the energy-creating effects of solar cells and the energy-saving effects of new products manufactured by Sharp. The idea is for the amount of greenhouse gas emissions reduced will exceed the amount emitted by fiscal 2010.

"Super Green Strategy" Aiming to Become an Environmentally Advanced Company



Self Evaluation ○: Achieved more than targeted ○: Achieved as targeted △: Achieved more than 80% of initial target ×: Achieved less than 80% of initial target

Fiscal 2005 Objectives	Fiscal 2005 Achievements	Self-Evaluation	Fiscal 2006 Objectives	Fiscal 2008 Objectives
Complete introduction of S-EMS at all domestic non-production sites (total 50)	Completed introduction of S-EMS at all domestic non-production sites (total 51)	○	Introduce S-EMS at 10 overseas production companies (sites)	Complete introduction of S-EMS at all domestic and overseas production sites (companies) (total 39)
Complete certification at all overseas non-production consolidated subsidiaries (total 21)	Completed certification at 3 overseas non-production consolidated subsidiaries (total 20)	△	Complete certification at all overseas non-production consolidated subsidiaries (total 21)	—
Introduce environmental management accounting to all domestic production sites (companies)	Introduced new tool to promote environmental sustainability management (personnel expenses) Developed new tool to promote environmental sustainability management (energy management)	○	Introduce new tool to promote environmental sustainability management (energy management)	Complete introduction of tool to promote environmental sustainability management
General: Continue e-learning in Japan Expert: Continue Compliance: Hold programs at North American and European sites	General: Provided e-learning for new and mid-career employees Expert: Provided environmental master training six times (68 persons participated) Compliance: Held programs in four areas	○	General: Continue overseas training Expert: Train integrated MS auditors Compliance: Continue training on laws and regulations	General: Continue overseas training Expert: Train overseas environmental masters Compliance: Provide reciprocal training at overseas sites
Use 500 tons of recycled plastic in new products	Used approx. 520 tons	◎	600 tons	1,000 tons
Use in communications equipment	Used in chargers of cordless handsets for home-use phones	○	Develop easy-release fasteners for audio/video equipment	Use in audio/video equipment
Develop recycling technology for LCD TV cabinet materials	Developed recycling technology for LCD TV cabinet materials	○	Conduct verification tests on technology to recover indium from LCD panels	Implement technology for recovering indium from LCD panels
Have all products for Europe and all new products for all other areas comply with RoHS directive	All products for Europe and new products except for a few products for some areas complied with RoHS directive	△	—	—
Green Seal products accounting for 80% of net sales	Approx. 87%	◎	85%	90%
Super Green Products accounting for 20% of net sales	Approx. 35%	◎	30%	40%
Green Devices accounting for 40% of net sales	Approx. 51%	◎	65%	85%
Super Green Devices accounting for 5% of net sales	Approx. 7%	◎	10%	20%
Japan: Raise average improvement rate of environmental performance at Sharp Corporation production sites by 11% compared to fiscal 2003 and upgrade 4 domestic subsidiaries/affiliates to GF	Japan: Raised average improvement rate of environmental performance at Sharp Corporation production sites by approx. 16% compared to fiscal 2003 and upgraded 3 domestic subsidiaries/affiliates to GF	△	Japan: Upgrade 5 Sharp Corporation production sites to SGF and 5 to GF, and 5 subsidiaries/affiliates to GF	Goal for fiscal 2007: Upgrade all Sharp Corporation production sites to SGF Upgrade all other domestic and overseas production sites (subsidiaries/affiliates) to GF or higher
Overseas: Upgrade 4 production sites to GF	Overseas: Upgraded 1 production site to SGF and 7 to GF	◎	Overseas: Upgrade 1 production site to SGF and 14 to GF	
Japan: Product sites: Reduce by 2% from previous fiscal year Device sites: Reduce by 5% from previous fiscal year	Japan: Product sites: Reduced by approx. 12% from previous fiscal year Device sites: Increased by approx. 2.5% from previous fiscal year	×	Japan: Product sites: Reduce by 2% (every fiscal year) Device sites: Reduce by 5% (every fiscal year)	Goal for fiscal 2010: Reduce by 25% compared to fiscal 1990 per real production unit* (Japan)
Overseas: Reduce by 2% from previous fiscal year at all production sites	Overseas: Reduced by approx. 15% from previous fiscal year at all production sites	◎	Overseas: Reduce by 2% from previous fiscal year at all production sites (every fiscal year)	
Japan: Recycle 14% of waste into valuable resources	Japan: Recycled approx. 13% of waste into valuable resources	△	Japan: Reduce amount of waste discharged by 3% from previous fiscal year (every fiscal year)	
Overseas: Reduce amount of waste, etc. discharged** by 2% from previous fiscal year	Overseas: Reduced amount of waste, etc. discharged by approx. 17% from previous fiscal year	◎	Overseas: Reduce amount of waste, etc. discharged by 2% from previous fiscal year (every fiscal year)	
Reduce discharge risk of chemicals by 30% compared to fiscal 2003 at Sharp Corporation production sites	Reduced by approx. 48%	◎	Reduce by 55% or more compared to fiscal 2003	Reduce by 60% or more compared to fiscal 2003
Railway cargo transport of 900 containers/month Reduce CO ₂ emissions by 3,500 t-CO ₂	963 containers/month Approx. 4,133 t-CO ₂	◎	1,050 containers/month 4,400 t-CO ₂	1,250 containers/month 5,200 t-CO ₂
Begin smooth operation of recycling systems in Europe	Began operation from countries that have established recycling systems	○	Strengthen domestic recycling of home appliances	Global development of recycling technologies
Japan: Total 30,000 employees from 29 sites (almost all employees) participating in SGC activities Overseas: Expand number of active sites to 30	Japan: Total 27,108 employees from 30 sites Overseas: Expanded number of active sites to 25	△	Japan: Develop "Sharp Forests" in seven places around the country Overseas: Encourage SGC activities to take root at major sites	Japan: Goal for fiscal 2007: Develop "Sharp Forests" in ten places around the country Overseas: Encourage SGC activities to take root at major sites

Information on Web site

<http://sharp-world.com/corporate/eco/report2006> ■ The Sharp Group Charter of Corporate Behavior (full text) ■ The Sharp Code of Conduct (full text)